

Getting Washington Back to Work

Sine Die 2003



Minimum Wage

"When people aren't working, it doesn't matter how much they aren't getting paid."

In 1998, voters approved Initiative 688 increasing the minimum wage by \$1.60 per hour by January 2000, and initiating future automatic increases tied to the CPI for urban wage earners and electrical workers (national CPI, includes Seattle). In 1998, the minimum wage was \$4.90/hour, today it is \$7.01/hour. The federal minimum wage is \$5.15/hour.

Employers all over Washington are cutting jobs as the minimum wage climbs.

Washington's unemployment rate rose to 7.3 percent in May, well above the national average of 6.4 percent.; and every time the state's unemployment rises by one percent, it means 42,000 fewer jobs.

Higher minimum wage rates, especially in some industries such as agriculture, drive up the costs of goods and make it hard for Washington to compete. All border states to Washington have a lower minimum wage; Idaho's is the same as the federal rate, \$5.15/hour.

In the end, it is all about jobs. You can pay fewer people more, or you can maintain and create more jobs for people who are out of work. The two are intrinsically linked.

Linking minimum wage increases to unemployment rates (ESSB 5697)

This measure recognizes that when unemployment is high, the automatic minimum wage increase needs to be suspended.

- Unemployment rates change month to month. The indexing in this measure is based on the number of months when Washington's unemployment is below the national rate.
- For each month in a calendar year that the state's unemployment rate exceeds the national average, the state's minimum wage will not be indexed to the CPI.
- Under this measure, if the rate of inflation was 3 percent for 2003, and Washington's unemployment rate was below the national rate for six of the 12 months, then Washington's minimum wage would increase by only 1.5 percent.

Status: Passed the Senate 25-24. Died in House Commerce & Labor Committee.

Providing consistency and predictability in Wage & Hour Laws (SSB 5462)

For over 25 years, L&I interpreted the state Wage & Hour Laws consistent with federal law except when state laws were expressly different. Then in 2000, L&I suddenly announced it no longer knew what its law meant, and could no longer tell employers how to comply.

Employers were left without guidance, completely exposed to lawsuits that are now determining the most basic wage and hour requirements on a case by case basis.

This measure provides employers with the guidance they need to comply with wage and hours laws. The provisions of the bill are as follows:

- In the absence of any specific state provision, federal law shall control in any minimum wage action.
- Employers are not liable for minimum wage and overtime if they prove that they acted with a good faith reliance on a department rule or administrative practice governing the particular class of employers.
- Civil penalties for violations of minimum wage and wage collection laws will be no less than \$100 or no more than \$1,000.
- L&I must inform employers prior to conducting an inspection relating to wage payment laws, and must inform employers of their right to refuse to admit the department.
- L&I may not assess a penalty if an employee is pursuing a private action against the employer.
- New rules must be adopted by December 1 of each year and may not take effect until the end of the next year's regular legislative session.

Status: Passed Senate 25-24. Died in House Commerce & Labor Committee.